

**TOWNSHIP OF MARCELLUS**  
**CASS COUNTY, MICHIGAN**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2008**

# **TOWNSHIP OF MARCELLUS**

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# INDEPENDENT AUDITOR'S REPORT

December 3, 2008

To The Township Board Members of  
Marcellus Township  
Cass County, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Township of Marcellus, Cass County, Michigan as of and for the year ended June 30, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township of Marcellus, Cass County, Michigan management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Township of Marcellus as of June 30, 2008, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated December 3, 2008, on our consideration of the Township of Marcellus' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and important for assessing the results of an audit.

The management's discussion and analysis and budgetary comparison information, as identified in the index, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Marcellus' basic financial statements. The accompanying other supplemental information, nonmajor statements, as identified in the index, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The other supplemental information, nonmajor statements, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Respectfully submitted,

Angle & Steffes, P.C.  
Certified Public Accountants

## **MANAGEMENT DISCUSSION AND ANALYSIS**

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Township as a whole and present a long-term view of the Township's finances. Fund financial statements tell how these services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government wide financial statements.

### **The Township as a Whole**

The Township's net assets continue to remain healthy. There continues to be significant success in the collection of delinquent personal property taxes. There were no significant changes in the tax base. The business economy in the Township remained stable. The Township is committed to the support of its business community.

### **Government Wide Statements**

|                                | <b><u>Governmental Activities</u></b> |            | <b><u>Component Units</u></b> |            | <b><u>Total</u></b> | <b><u>Total</u></b> |
|--------------------------------|---------------------------------------|------------|-------------------------------|------------|---------------------|---------------------|
|                                | 2008                                  | 2007       | 2008                          | 2007       | 2008                | 2007                |
| <b><u>Assets</u></b>           |                                       |            |                               |            |                     |                     |
| Current and other assets       | \$ 431,386                            | \$ 359,533 | \$ 144,914                    | \$ 125,473 | \$ 576,300          | \$ 485,006          |
| Capital assets, net of deprec  | 60,781                                | 60,577     | 401,013                       | 415,361    | 461,794             | 475,938             |
| Total Assets                   | 492,167                               | 420,110    | 545,927                       | 540,834    | 1,038,094           | 960,944             |
| <b><u>Liabilities</u></b>      |                                       |            |                               |            |                     |                     |
| Current Liabilities            | 40,436                                | 38,904     | (163)                         | 472        | 40,273              | 39,376              |
| Total Liabilities              | 40,436                                | 38,904     | (163)                         | 472        | 40,273              | 39,376              |
| <b><u>Net Assets</u></b>       |                                       |            |                               |            |                     |                     |
| Invested in Capital Assets     | 60,781                                | 60,577     | 401,013                       | 415,361    | 461,794             | 475,938             |
| Restricted for Roads           | 183,533                               | 155,305    | 0                             | 0          | 183,533             | 155,305             |
| Restricted for Public Safety   | 102,440                               | 61,197     | 0                             | 0          | 102,440             | 61,197              |
| Restr for Culture & Recreation | 0                                     | 0          | 145,077                       | 125,001    | 145,077             | 125,001             |
| Restricted for Cemetery Care   | 14,000                                | 14,000     | 0                             | 0          | 14,000              | 14,000              |
| Unrestricted                   | 90,977                                | 90,127     | 0                             | 0          | 90,977              | 90,127              |
| Total Net Assets               | \$ 451,731                            | \$ 381,206 | \$ 546,090                    | \$ 540,362 | \$ 997,821          | \$ 921,568          |
| <b><u>Revenues</u></b>         |                                       |            |                               |            |                     |                     |
| Program services               |                                       |            |                               |            |                     |                     |
| Charges for Services           | 40,080                                | 32,102     | 3,228                         | 15,924     | 43,308              | 48,026              |
| General Revenue                |                                       |            |                               |            |                     |                     |
| Taxes                          | 282,117                               | 270,254    | 84,706                        | 80,927     | 366,823             | 351,181             |
| State Shared Revenue           | 111,535                               | 112,680    | 2,810                         | 3,402      | 114,345             | 116,082             |
| Interest and Investment        | 6,760                                 | 9,860      | 4,403                         | 3,627      | 11,163              | 13,487              |
| Other                          | 3,180                                 | 4,061      | 24,543                        | 16,703     | 27,723              | 20,764              |
| Total Revenues                 | \$ 443,672                            | \$ 428,957 | \$ 119,690                    | \$ 120,583 | \$ 563,362          | \$ 549,540          |
| <b><u>Expenses</u></b>         |                                       |            |                               |            |                     |                     |
| General Government             | 150,328                               | 154,452    | 0                             | 0          | 150,328             | 154,452             |
| Public Safety                  | 180,483                               | 234,396    | 0                             | 0          | 180,483             | 234,396             |
| Public Works                   | 40,368                                | 39,809     | 0                             | 0          | 40,368              | 39,809              |
| Recreation and culture         | 0                                     | 0          | 113,962                       | 122,239    | 113,962             | 122,239             |
| Other                          | 1,968                                 | 1,577      | 0                             | 0          | 1,968               | 1,577               |
| Total Expenses                 | \$ 373,147                            | \$ 430,234 | \$ 113,962                    | \$ 122,239 | \$ 487,109          | \$ 552,473          |

## **Government Activities**

The principal changes in fund balances were due to the collection of voted millages as well as real and personal property taxes. Voted mills for fire and ambulance operations, road maintenance, and police services are restricted to their specific purposes.

In addition, there are voted funds for maintenance and operation of the Library and Hudson Memorial Building. These are reflected in and reported as "Component Units" in the financial statements. The administration for each of these funds is accomplished through a separate, elected Board of Directors.

## **The Township's Funds**

The report of the Township's major funds and the accompanying notes are enclosed with this report. The governmental balance sheet and financial statements provide detailed information about the most significant funds, not the Township as a whole. The Township Board creates funds to help manage money for specific, restricted purposes as well as to show accountability for certain activities, such as special millages. The Township's major funds for the year include the General Fund, Road Fund, Fire and Ambulance Fund and Police Fund.

The General Fund pays for most of the Township's general governmental services, as well as support the special revenue tax millages to cover fire, ambulance and police services as needed. The Road Fund continued to have the largest fund balance of \$183.5 thousand. This is due to timing of payment for roadwork as well as a deliberate effort of the Township Board to maintain a reserve of funds for more costly roadwork, such as upgrading gravel roads and in anticipation of increasing costs as well as repairs needed after the sewer project is completed.

## **General Fund Budgetary Highlights**

There were no significant variances in anticipated vs. actual revenue during the year. Overall, expenditures in Township departments were below anticipated budget. There was an increase in attorney expense due to the development of the sewer project, discussed later in this report. These designated sewer-related attorney fees will be reimbursed once the sewer project is funded. The General Fund's Fund Balance increased slightly to \$90.9 thousand.

## **Outlook for the Coming Year**

During the 2007-2008 fiscal year, no long-term debt was incurred but commitments for capital expenditures were made for the sewer project. In addition, there is no outstanding debt coming into the new year.

Barring any unforeseen or catastrophic economic events, the financial position of Marcellus Township should remain stable for the ensuing year. We continue to closely monitor the State budget deficit projections and their potential impact on local municipalities, such as further reductions in revenue sharing. Nevertheless, we should be able to continue the provision of services at current levels regardless of any anticipated reductions in this area.

The Township will continue to develop several projects over the next year. The Township has continued the provision of dust control for all gravel roads within the Township. This is the fourth year of the project and it continues to demonstrate success in stabilizing deteriorating gravel roads. The extent of future road improvements may be limited due to the elimination of local match funds by the Cass County Road Commission as well as increasing overall costs for road improvements and paving projects.

The Township continues to move forward on a project to provide for municipal sewer service to several lake and surrounding areas. The Lakes Area Sewer Authority was formed and incorporated last year to oversee the project. Special assessment districts were formed with the year and the project will be funded through a bond issued through the USDA, Rural Development Fund. A one million dollar grant was also secured for the project. This is the most major project undertaken by the Township in many years and will be instrumental in preserving the quality of our lakes and the surrounding environment.

In addition, the Township had participated in a grant-funded project through the DEQ to obtain consultation for the upgrade of its ordinances and land use plans in order to preserve and ensure the quality of the Rocky River Watershed and surrounding areas. Through this project the Township will be able to develop a comprehensive Master Plan.

### **Contacting the Township's Management**

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Township's finances and to show the Township's accountability of the money that it receives. Copies of the financial report are available through the Township clerk. If you have any questions or need further information, please contact the clerk or attend Township Board meetings which are held on the third Tuesday of each month beginning at 7:00 p.m.

**TOWNSHIP OF MARCELLUS**  
**GOVERNMENT WIDE STATEMENT OF NET ASSETS**  
**JUNE 30, 2008**

|                               | <u>Primary Government</u>          |                       |                            |
|-------------------------------|------------------------------------|-----------------------|----------------------------|
|                               | <u>Governmental<br/>Activities</u> | <u>Total</u>          | <u>Component<br/>Units</u> |
| <b>ASSETS</b>                 |                                    |                       |                            |
| Cash and cash equivalents     | \$ 384,238                         | \$ 384,238            | \$ 137,501                 |
| Investments                   | 0                                  | 0                     | 0                          |
| Receivables - net             | 44,984                             | 44,984                | 1,413                      |
| Prepays                       | 2,164                              | 2,164                 | 6,000                      |
| Capital assets - net          | <u>60,781</u>                      | <u>60,781</u>         | <u>401,013</u>             |
| <br>Total Assets              | <br><u>492,167</u>                 | <br><u>492,167</u>    | <br><u>545,927</u>         |
| <b>LIABILITIES</b>            |                                    |                       |                            |
| Accounts payable              | 30,949                             | 30,949                | (163)                      |
| Accrued and other liabilities | 9,487                              | 9,487                 | 0                          |
| Noncurrent Liabilities        |                                    |                       |                            |
| Due within one year           | 0                                  | 0                     | 0                          |
| Due in more than one year     | <u>0</u>                           | <u>0</u>              | <u>0</u>                   |
| <br>Total Liabilities         | <br><u>40,436</u>                  | <br><u>40,436</u>     | <br><u>(163)</u>           |
| <b>NET ASSETS</b>             |                                    |                       |                            |
| Invested in Capital Assets    |                                    |                       |                            |
| Net of related debt           | 60,781                             | 60,781                | 401,013                    |
| Restricted For                |                                    |                       |                            |
| Streets and highways          | 183,533                            | 183,533               | 0                          |
| Public safety                 | 102,440                            | 102,440               | 0                          |
| Culture & recreation          | 0                                  | 0                     | 145,077                    |
| Cemetery care                 | 14,000                             | 14,000                | 0                          |
| Debt service                  | 0                                  | 0                     | 0                          |
| Unrestricted                  | <u>90,977</u>                      | <u>90,977</u>         | <u>0</u>                   |
| <br>Total Net Assets          | <br><u>\$ 451,731</u>              | <br><u>\$ 451,731</u> | <br><u>\$ 546,090</u>      |

The Notes to Financial Statements are an integral part of this statement.

**TOWNSHIP OF MARCELLUS  
GOVERNMENT WIDE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2008**

| Functions/Programs                                 | Program Revenues  |                         |  |  | Net (Expense) Revenue and Changes in Net Assets |                             |                   |                    |
|--|-------------------|-------------------------|--|--|---|-----------------------------|-------------------|--------------------|
|  | Expenses          | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions | Primary Government                              |                             |                   | Component<br>Units |
|  |                   |                         |  |  | Governmental<br>Activities                      | Business-Type<br>Activities | Total             |                    |
| <b>Primary Government</b>                          |                   |                         |  |  |   |                             |                   |                    |
| General government                                 | \$ 150,328        | \$ 14,074               | \$ 0                                     | \$ 0                                   | \$ (136,254)                                    | \$ 0                        | \$ (136,254)      | \$ 0               |
| Public safety                                      | 180,483           | 25,506                  | 0  | 0                                      | (154,977)                                       | 0                           | (154,977)         | 0                  |
| Public works                                       | 40,368            | 0                       | 0  | 0                                      | (40,368)  | 0                           | (40,368)          | 0                  |
| Community/Economic development                     | 1,968             | 500                     | 0  | 0                                      | (1,468)   | 0                           | (1,468)           | 0                  |
| Recreation and culture                             | 0                 | 0                       | 0  | 0                                      | 0   | 0                           | 0                 | 0                  |
| Total Governmental Activities                      | 373,147           | 40,080                  | 0  | 0                                      | (333,067)                                       | 0                           | (333,067)         | 0                  |
| Total Primary Government                           | <u>\$ 373,147</u> | <u>\$ 40,080</u>        | <u>\$ 0</u>                              | <u>\$ 0</u>                            | <u>(333,067)</u>                                | <u>0</u>                    | <u>(333,067)</u>  | <u>0</u>           |
| Component Units                                    |                   |                         |  |  |   |                             |                   |                    |
| Library Fund                                       | \$ 90,602         | \$ 214                  | \$ 1,134                                 | \$ 0                                   | 0   | 0                           | 0                 | (89,254)           |
| Hudson Memorial Building                           | 23,360            | 1,850                   | 30                                       | 0                                      | 0   | 0                           | 0                 | (21,480)           |
| Total Component Units                              | <u>\$ 113,962</u> | <u>\$ 2,064</u>         | <u>\$ 1,164</u>                          | <u>\$ 0</u>                            | <u>0</u>  | <u>0</u>                    | <u>0</u>          | <u>(110,734)</u>   |
| <b>General Revenues</b>                            |                   |                         |  |  |   |                             |                   |                    |
| Property taxes                                     |                   |                         |  |  | 282,117   | 0                           | 282,117           | 84,706             |
| State-shared revenues                              |                   |                         |  |  | 111,535   | 0                           | 111,535           | 2,810              |
| Unrestricted investment earnings                   |                   |                         |  |  | 6,760   | 0                           | 6,760             | 4,403              |
| Rental fees  |                   |                         |  |  | 304   | 0                           | 304               | 0                  |
| Miscellaneous & Penal fines                        |                   |                         |  |  | 2,876   | 0                           | 2,876             | 24,543             |
| Gain on sale of assets                             |                   |                         |  |  | 0   | 0                           | 0                 | 0                  |
| Transfers  |                   |                         |  |  | 0   | 0                           | 0                 | 0                  |
| Total General Revenues-Special Items and Transfers |                   |                         |  |  | <u>403,592</u>                                  | <u>0</u>                    | <u>403,592</u>    | <u>116,462</u>     |
| Change in Net Assets                               |                   |                         |  |  | 70,525  | 0                           | 70,525            | 5,728              |
| Net Assets-Beginning                               |                   |                         |  |  | <u>381,206</u>                                  | <u>0</u>                    | <u>381,206</u>    | <u>540,362</u>     |
| Net Assets-Ending                                  |                   |                         |  |  | <u>\$ 451,731</u>                               | <u>\$ 0</u>                 | <u>\$ 451,731</u> | <u>\$ 546,090</u>  |

The Notes to Financial Statements are an integral part of this statement.



**TOWNSHIP OF MARCELLUS**  
**GOVERNMENTAL FUND BALANCE SHEET**  
**June 30, 2008**

|                           | General<br>Fund  | Road Fund         | Fire and<br>Ambulance<br>Fund | Police<br>Fund   | Non-Major<br>Governmental<br>Fund | Total<br>Governmental<br>Funds |
|---------------------------|------------------|-------------------|-------------------------------|------------------|-----------------------------------|--------------------------------|
| <b>ASSETS</b>             |                  |                   |                               |                  |                                   |                                |
| Cash and cash equivalents | \$ 71,974        | \$ 179,691        | \$ 48,121                     | \$ 70,452        | \$ 14,000                         | \$ 384,238                     |
| Investments               | 0                | 0                 | 0                             | 0                | 0                                 | 0                              |
| Receivables - net         | 35,229           | 0                 | 0                             | 0                | 261                               | 35,490                         |
| Due from other funds      | 6                | 3,842             | 0                             | 750              | 4,896                             | 9,494                          |
| Prepays                   | 2,164            | 0                 | 0                             | 0                | 0                                 | 2,164                          |
|                           |                  |                   |                               |                  |                                   |                                |
| Total Assets              | <u>109,373</u>   | <u>183,533</u>    | <u>48,121</u>                 | <u>71,202</u>    | <u>19,157</u>                     | <u>431,386</u>                 |
|                           |                  |                   |                               |                  |                                   |                                |
| <b>LIABILITIES</b>        |                  |                   |                               |                  |                                   |                                |
| Accounts payable          | 9,659            | 0                 | 0                             | 20,855           | 435                               | 30,949                         |
| Due to other funds        | <u>8,737</u>     | <u>0</u>          | <u>0</u>                      | <u>0</u>         | <u>750</u>                        | <u>9,487</u>                   |
|                           |                  |                   |                               |                  |                                   |                                |
| Total Liabilities         | <u>18,396</u>    | <u>0</u>          | <u>0</u>                      | <u>20,855</u>    | <u>1,185</u>                      | <u>40,436</u>                  |
|                           |                  |                   |                               |                  |                                   |                                |
| <b>FUND BALANCES</b>      |                  |                   |                               |                  |                                   |                                |
| Reserved for              |                  |                   |                               |                  |                                   |                                |
| Road projects             | 0                | 183,533           | 0                             | 0                | 0                                 | 183,533                        |
| Public safety             | 0                | 0                 | 48,121                        | 50,347           | 3,972                             | 102,440                        |
| Cemetery care             | 0                | 0                 | 0                             | 0                | 14,000                            | 14,000                         |
| Unreserved                | <u>90,977</u>    | <u>0</u>          | <u>0</u>                      | <u>0</u>         | <u>0</u>                          | <u>90,977</u>                  |
|                           |                  |                   |                               |                  |                                   |                                |
| Total Fund Balances       | <u>\$ 90,977</u> | <u>\$ 183,533</u> | <u>\$ 48,121</u>              | <u>\$ 50,347</u> | <u>\$ 17,972</u>                  | <u>\$ 390,950</u>              |

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and are not reported in the funds.

60,781

Net Assets of Governmental Activities

\$ 451,731

The Notes to Financial Statements are an integral part of this statement.

**TOWNSHIP OF MARCELLUS**  
**GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
**June 30, 2008**

|   | General<br>Fund  | Road Fund         | Fire and<br>Ambulance<br>Fund | Police<br>Fund   | Non-Major<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---|------------------|-------------------|-------------------------------|------------------|------------------------------------|--------------------------------|
| <b>Revenues</b>   |                  |                   |                               |                  |                                    |                                |
| Taxes and penalties   | \$ 79,272        | \$ 57,495         | \$ 59,104                     | \$ 86,246        | \$ 0                               | \$ 282,117                     |
| Licenses and permits  | 500              | 0                 | 0                             | 0                | 25,506                             | 26,006                         |
| State aid   | 107,693          | 3,842             | 0                             | 0                | 0                                  | 111,535                        |
| Charges for services  | 14,074           | 0                 | 0                             | 0                | 0                                  | 14,074                         |
| Interest and rentals  | 1,197            | 4,597             | 267                           | 1,003            | 0                                  | 7,064                          |
| Other revenue, fines  | 2,106            | 0                 | 0                             | 0                | 770                                | 2,876                          |
| Total Revenues  | 204,842          | 65,934            | 59,371                        | 87,249           | 26,276                             | 443,672                        |
| <b>Expenditures</b>   |                  |                   |                               |                  |                                    |                                |
| Current   |                  |                   |                               |                  |                                    |                                |
| General government  | 146,590          | 0                 | 0                             | 0                | 0                                  | 146,590                        |
| Public safety   | 0                | 0                 | 68,949                        | 83,028           | 28,506                             | 180,483                        |
| Public works  | 2,662            | 37,706            | 0                             | 0                | 0                                  | 40,368                         |
| Recreation and cultural   | 0                | 0                 | 0                             | 0                | 0                                  | 0                              |
| Community/Economic development  | 1,968            | 0                 | 0                             | 0                | 0                                  | 1,968                          |
| Capital outlay  | 3,942            | 0                 | 0                             | 0                | 0                                  | 3,942                          |
| Total Expenditures  | 155,162          | 37,706            | 68,949                        | 83,028           | 28,506                             | 373,351                        |
| <b>Excess of Revenues Over (Under) Expenditures</b>                                 | 49,680           | 28,228            | (9,578)                       | 4,221            | (2,230)                            | 70,321                         |
| <b>Other Financing Sources (Uses)</b>   |                  |                   |                               |                  |                                    |                                |
| Transfers in  | 0                | 0                 | 48,830                        | 0                | 0                                  | 48,830                         |
| Transfers (out)   | (48,830)         | 0                 | 0                             | 0                | 0                                  | (48,830)                       |
| Total Other Financing Sources (Uses)  | (48,830)         | 0                 | 48,830                        | 0                | 0                                  | 0                              |
| <b>Excess of Revenue and Other Sources Over (Under) Expenditures and Other Uses</b> | 850              | 28,228            | 39,252                        | 4,221            | (2,230)                            | 70,321                         |
| Fund Balance July 1, 2007   | 90,127           | 155,305           | 8,869                         | 46,126           | 20,202                             | 320,629                        |
| Fund Balance June 30, 2008  | <u>\$ 90,977</u> | <u>\$ 183,533</u> | <u>\$ 48,121</u>              | <u>\$ 50,347</u> | <u>\$ 17,972</u>                   | <u>\$ 390,950</u>              |

The Notes to Financial Statements are an integral part of this statement.

**TOWNSHIP OF MARCELLUS**  
**FIDUCIARY FUNDS-STATEMENT OF NET ASSETS**  
**JUNE 30, 2008**

|                                 | <u>Trust &amp; Agency Funds</u> |                       |              |
|---------------------------------|---------------------------------|-----------------------|--------------|
|                                 | <u>Tax Collection</u>           | <u>Tax Collection</u> |              |
|                                 | <u>Current</u>                  | <u>Delinquent</u>     | <u>Total</u> |
| <b>ASSETS</b>                   |                                 |                       |              |
| Cash & cash equivalents         | \$ 6                            | 0                     | 6            |
| Delinquent tax receivable       | 0                               | 0                     | 0            |
| Allowance for doubtful accounts | 0                               | 0                     | 0            |
| Due from other funds            | <u>0</u>                        | <u>0</u>              | <u>0</u>     |
| Total Assets                    | <u>6</u>                        | <u>0</u>              | <u>6</u>     |
| <b>LIABILITIES</b>              |                                 |                       |              |
| Accounts payable                | \$ 0                            | \$ 0                  | \$ 0         |
| Due to other funds              | 6                               | 0                     | 6            |
| Due to other governmental units | <u>0</u>                        | <u>0</u>              | <u>0</u>     |
| Total Liabilities               | <u>\$ 6</u>                     | <u>\$ 0</u>           | <u>\$ 6</u>  |
| <b>NET ASSETS</b>               |                                 |                       |              |

The Notes to Financial Statements are an integral part of this statement.

**TOWNSHIP OF MARCELLUS**  
**STATEMENT OF NET ASSETS-COMPONENT UNITS**  
**JUNE 30, 2008**

|                               | Wood<br>Memorial<br>Library | Hudson<br>Memorial<br>Building | Total<br>Component<br>Units |
|-------------------------------|-----------------------------|--------------------------------|-----------------------------|
| <b>ASSETS</b>                 |                             |                                |                             |
| Cash and cash equivalents     | \$ 66,649                   | 70,852                         | \$ 137,501                  |
| Investments                   | 0                           | 0                              | 0                           |
| Receivables (net)             | 1,413                       | 0                              | 1,413                       |
| Prepaid expenses              | 0                           | 6,000                          | 6,000                       |
| Capital assets - net          | <u>312,107</u>              | <u>88,906</u>                  | <u>401,013</u>              |
| Total Assets                  | <u>\$ 380,169</u>           | <u>\$ 165,758</u>              | <u>\$ 545,927</u>           |
| <b>LIABILITIES</b>            |                             |                                |                             |
| Accounts payable              | (163)                       | 0                              | (163)                       |
| Accrued and other liabilities | 0                           | 0                              | 0                           |
| Noncurrent liabilities        |                             |                                |                             |
| Due within one year           | 0                           | 0                              | 0                           |
| Due in more than one year     | <u>0</u>                    | <u>0</u>                       | <u>0</u>                    |
| Total Liabilities             | <u>\$ (163)</u>             | <u>\$ 0</u>                    | <u>\$ (163)</u>             |
| <b>NET ASSETS</b>             |                             |                                |                             |
| Invested in capital assets    | 312,107                     | 88,906                         | 401,013                     |
| Net of related debt           |                             |                                |                             |
| Restricted for                |                             |                                |                             |
| Library services              | 68,225                      | 0                              | 68,225                      |
| Cultural/Community facility   | 0                           | 76,852                         | 76,852                      |
| Unrestricted                  | <u>0</u>                    | <u>0</u>                       | <u>0</u>                    |
| Total Net Assets              | <u>\$ 380,332</u>           | <u>\$ 165,758</u>              | <u>\$ 546,090</u>           |

The Notes to Financial Statements are an integral part of this statement.

**TOWNSHIP OF MARCELLUS**  
**STATEMENT OF ACTIVITIES-COMPONENT UNITS**  
**YEAR ENDED JUNE 30, 2008**

| Functions/Programs                 | Expenses          | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions | Wood<br>Memorial<br>Library | Hudson<br>Memorial<br>Building | Total             |
|------------------------------------|-------------------|-------------------------|--|--|-----------------------------|--------------------------------|-------------------|
| <b>Wood Memorial Library</b>       |                   |                         |  |  |                             |                                |                   |
| Cultural and recreation            | \$ 90,602         | \$ 214                  | \$ 1,134                                 | \$ 0                                   | \$ (89,254)                 | \$ 0                           | \$ (89,254)       |
| <b>Hudson Memorial Building</b>    |                   |                         |  |  |                             |                                |                   |
| Cultural and recreation            | 23,360            | 1,850                   | 30                                       | 0                                      | 0                           | (21,480)                       | (21,480)          |
| Total Primary Government           | <u>\$ 113,962</u> | <u>\$ 2,064</u>         | <u>\$ 1,164</u>                          | <u>\$ 0</u>                            | <u>(89,254)</u>             | <u>(21,480)</u>                | <u>(110,734)</u>  |
| <b>General Revenues</b>            |                   |                         |  |  |                             |                                |                   |
| Property taxes                     |                   |                         |  |  | 56,438                      | 28,268                         | 84,706            |
| State aid                          |                   |                         |  |  | 2,810                       | 0                              | 2,810             |
| Unrestricted investment earnings   |                   |                         |  |  | 2,032                       | 2,371                          | 4,403             |
| Miscellaneous, fines & forfeitures |                   |                         |  |  | 24,543                      | 0                              | 24,543            |
| Total General Revenues             |                   |                         |  |  | <u>85,823</u>               | <u>30,639</u>                  | <u>116,462</u>    |
| Change in Net Assets               |                   |                         |  |  | (3,431)                     | 9,159                          | 5,728             |
| Net Assets-Beginning               |                   |                         |  |  | <u>383,763</u>              | <u>156,599</u>                 | <u>540,362</u>    |
| Net Assets-Ending                  |                   |                         |  |  | <u>\$ 380,332</u>           | <u>\$ 165,758</u>              | <u>\$ 546,090</u> |

The Notes to Financial Statements are an integral part of this statement.

**TOWNSHIP OF MARCELLUS  
COMPONENT UNIT BALANCE SHEET  
JUNE 30, 2008**

|   | <u>Wood<br/>Memorial<br/>Library</u> | <u>Hudson<br/>Memorial<br/>Building</u> | <u>Total<br/>Component<br/>Units</u> |
|---|--------------------------------------|---|--------------------------------------|
| <b>ASSETS</b>   |                                      |   |                                      |
| Cash and cash equivalents   | \$ 66,649                            | \$ 70,852                               | \$ 137,501                           |
| Investments   | 0                                    | 0                                       | 0                                    |
| State Aid receivable  | 1,413                                | 0                                       | 1,413                                |
| Due from other funds  | 0                                    | 0                                       | 0                                    |
| Prepaid assets  | <u>0</u>                             | <u>6,000</u>                            | <u>6,000</u>                         |
| Total Assets  | <u>68,062</u>                        | <u>76,852</u>                           | <u>144,914</u>                       |
| <b>LIABILITIES</b>  |                                      |   |                                      |
| Accounts payable  | (163)                                | 0                                       | (163)                                |
| Due to other funds  | <u>0</u>                             | <u>0</u>                                | <u>0</u>                             |
| Total Liabilities   | <u>(163)</u>                         | <u>0</u>                                | <u>(163)</u>                         |
| <b>FUND BALANCES</b>  |                                      |   |                                      |
| Reserved For  |                                      |   |                                      |
| Library services  | 68,225                               | 0                                       | 68,225                               |
| Cultural/Community facility   | 0                                    | 76,852                                  | 76,852                               |
| Unreserved  | <u>0</u>                             | <u>0</u>                                | <u>0</u>                             |
| Total Fund Balances   | <u>\$ 68,225</u>                     | <u>\$ 76,852</u>                        | <u>\$ 145,077</u>                    |
| Amounts reported for governmental activities in the Statement of Net Assets are different because:            |                                      |   |                                      |
| Capital assets used in governmental activities are not financial resources and are not reported in the funds. |                                      |   | <u>401,013</u>                       |
| Net Assets  |                                      |   | <u>\$ 546,090</u>                    |

The Notes to the Financial Statements are an integral part of this statement.

**TOWNSHIP OF MARCELLUS**  
**COMPONENT UNIT STATEMENT OF REVENUE, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
**YEAR ENDED JUNE 30, 2008**

|   | Wood<br>Memorial<br>Library | Hudson<br>Memorial<br>Building | Total<br>Component<br>Units |
|---|-----------------------------|--------------------------------|-----------------------------|
| <b>Revenues</b>   |                             |                                |                             |
| Taxes and penalties   | 56,438                      | 28,268                         | 84,706                      |
| State aid   | 2,810                       | 0                              | 2,810                       |
| Contributions   | 1,134                       | 0                              | 1,134                       |
| Charges for services  | 0                           | 0                              | 0                           |
| Interest and rentals  | 2,032                       | 4,221                          | 6,253                       |
| Other revenue, fines & forfeit                              | 24,757                      | 30                             | 24,787                      |
|   | <hr/>                       | <hr/>                          | <hr/>                       |
| Total Revenues  | 87,171                      | 32,519                         | 119,690                     |
|   | <hr/>                       | <hr/>                          | <hr/>                       |
| <b>Expenditures</b>   |                             |                                |                             |
| Current   |                             |                                |                             |
| Library services  | 61,593                      | 0                              | 61,593                      |
| Cultural/Community services                                 | 0                           | 16,158                         | 16,158                      |
| Capital outlay  | 18,231                      | 3,631                          | 21,862                      |
|   | <hr/>                       | <hr/>                          | <hr/>                       |
| Total Expenditures  | 79,824                      | 19,789                         | 99,613                      |
|   | <hr/>                       | <hr/>                          | <hr/>                       |
| <b>Excess of Revenues Over (Under)</b>                      |                             |                                |                             |
| <b>Expenditures</b>   | 7,347                       | 12,730                         | 20,077                      |
|   | <hr/>                       | <hr/>                          | <hr/>                       |
| <b>Other Financing Sources (Uses)</b>                       |                             |                                |                             |
| Transfers in  | 0                           | 0                              | 0                           |
| Transfers (out)   | 0                           | 0                              | 0                           |
|   | <hr/>                       | <hr/>                          | <hr/>                       |
| Total Other Financing Sources<br>(Uses)                     | 0                           | 0                              | 0                           |
|   | <hr/>                       | <hr/>                          | <hr/>                       |
| <b>Excess of Revenue and Other<br/>Sources Over (Under)</b> |                             |                                |                             |
| <b>Expenditures and Other Uses</b>                          | 7,347                       | 12,730                         | 20,077                      |
|   | <hr/>                       | <hr/>                          | <hr/>                       |
| Fund Balance-July 1, 2007                                   | 60,878                      | 64,122                         | 125,000                     |
|   | <hr/>                       | <hr/>                          | <hr/>                       |
| Fund Balance-June 30, 2008                                  | <u>\$ 68,225</u>            | <u>\$ 76,852</u>               | <u>\$ 145,077</u>           |

The Notes to Financial Statements are an integral part of this statement.

**TOWNSHIP OF MARCELLUS  
CASS COUNTY, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Township of Marcellus, Cass County, Michigan is a general law Township. The Township operates under an elected Board/Supervisor form of government and provides the following services as authorized by its charter: public safety, highways and street, public improvements, cultural recreation, planning and zoning, and administrative services.

The accounting policies of the Township of Marcellus conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

**A. The Reporting Entity**

In accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity", these financial statements present the Township. The criteria established by the GASB for determining the reporting entity includes oversight responsibility, fiscal dependency, and whether the financial statements would be misleading if data were not included.

**Component Units**

In conformity with generally accepted accounting principles, the financial statements of component units have been included in the financial reporting entity as discretely presented component units.

**Discretely Presented Component Units**

The component units' columns in the combined financial statements include the financial data of the Township's two component units. Those units are reported in a separate column to emphasize that they are legally separate from the Township, but for which the Township is financially accountable, or its' relationship with the Township is such that exclusion would cause the unit's financial statements to be misleading or incomplete.

The Hudson Memorial Building, which is established pursuant to the Community Center Act (MCL 123.41), is governed by a 7-member Board of Directors elected by the electors of Marcellus Township. The Board of Directors may not issue debt nor levy taxes.

The Marcellus Township Wood Memorial Library, which is established by MCL 397.210, is governed by a 7-member Library Board elected by the electors of Marcellus Township. The Library Board may not issue debt nor levy taxes.

The complete financial statements of the individual component units are included within this report on audit of financial statements.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e. the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements.



**TOWNSHIP OF MARCELLUS  
CASS COUNTY, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Government-Wide and Fund Financial Statements** (continued)

Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Property taxes, state-shared revenue, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current period. All other revenue items are considered to be available only when cash is received by the government.

**TOWNSHIP OF MARCELLUS  
CASS COUNTY, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**  
(continued)

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Road Fund, Fire and Ambulance Fund and Police Fund are Special Revenue Funds of the Township. The Road Fund, Fire and Ambulance Fund and Police Fund are used to account for the proceeds of specific revenue tax millages that are legally restricted to expenditures for specified purposes.

Additionally, the government reports the following non-major fund types:

The Liquor Law Enforcement is a Special Revenue Fund of the Township. The Liquor Law Enforcement Fund is used to account for proceeds from the State of Michigan designated for police programs. The Permanent Cemetery Fund is a permanent government fund for care of general gravesites.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule would be charges between the government's enterprise funds and various other functions of the government. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned. The Township of Marcellus does not have enterprise funds.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

Finally, the government reports the following fund types:

The Tax Collection and Trust & Agency Funds are Fiduciary Funds accountable for assets held by the Township in a trustee or agency capacity for individuals, private organizations, other governments, and/or other funds.

**D. Assets, Liabilities, and Net Assets or Equity**

Bank Deposits and Investments-Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

**TOWNSHIP OF MARCELLUS  
CASS COUNTY, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Assets, Liabilities, and Net Assets or Equity (continued)**

Receivables and Payables-In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied each July for State Education Tax, and on each December 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent in the following September and March of the respective year, at which time penalties and interest are assessed.

Inventories and Prepaid Items-Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets-Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

|                       |                |
|-----------------------|----------------|
| Buildings             | 30 to 40 years |
| Building Improvements | 15 to 30 years |
| Roads                 | 10 to 30 years |
| Fire Equipment        | 07 to 25 years |
| Vehicles              | 03 to 05 years |
| Office Equipment      | 05 to 07 years |
| Computer Equipment    | 03 to 07 years |

Compensated Absences (Vacation and Sick Leave)-It is the government's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. Compensated absences and unpaid vacations were considered but not accrued due to immateriality in amount.

Fund Equity-In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**TOWNSHIP OF MARCELLUS  
CASS COUNTY, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008**

**NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The Government-wide financial statements differ from the Governmental fund financial statements for the effect of the inclusion of capital assets and long term debts.

|   |                       |
|---|-----------------------|
| Capitalized Asset Costs                   | \$ 92,261             |
| Less Accumulated Depreciation             | <u>(31,480)</u>       |
| Capital Assets, net                       | 60,781                |
| <br>Governmental Fund Balances            | <br><u>390,950</u>    |
| <br>Net Assets of Governmental Activities | <br><u>\$ 451,731</u> |

**NOTE 3 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

Budgetary Information-The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Formal budgetary integration is employed as a management control device during the year. These budgets are adopted on a basis consistent with generally accepted accounting principles.
2. The Township Board approves, by ordinance, total budget appropriations only. Any revisions that alter the total appropriations of any fund must be approved by the Township Board, therefore, the level of budgetary responsibility is by total appropriations; however, for report purposes, this level has been expanded to a functional basis (General Government, Public Safety, etc.).
3. Unused appropriations for all of the above annually budgeted funds lapse at the end of the year.
4. The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

Excess of Expenditures Over Appropriations in Budgeted Funds-During the year, the Local Governmental Unit incurred expenditures in certain budgeted funds which were in excess of the amounts appropriated, as follows:

| <u>Budget Item</u>             | <u>Budget<br/>Appropriation</u> | <u>Actual<br/>Expenditure</u> |
|--------------------------------|---------------------------------|-------------------------------|
| General Fund - Township Board  | 26,075                          | 27,327                        |
| General Fund - Drains at Large | 0                               | 706                           |

Fund Deficits-The Local Governmental Unit has no accumulated fund balance deficits at this time.

**TOWNSHIP OF MARCELLUS  
CASS COUNTY, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008**

**NOTE 4 - DEPOSITS AND INVESTMENTS**

Michigan Compiled Laws, Section 129.91, authorizes the local governmental unit to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The local unit is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government of federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The Local Governmental Unit Board has designated several banks for the deposit of Local Unit funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs, but not the remainder of State statutory authority as listed above.

The Local Governmental Unit's deposits and investment policy are in accordance with statutory authority.

At year-end, the Local Unit's deposits and investments were reported in the basic financial statements in the following categories:

|                         | <u>Governmental<br/>Activities</u> | <u>Total<br/>Government</u> | <u>Component<br/>Units</u> |
|-------------------------|------------------------------------|-----------------------------|----------------------------|
| Cash & Cash Equivalents | \$ 384,238                         | \$ 384,238                  | \$137,501                  |

The breakdown between deposits and investments is as follows:

|   | <u>Total<br/>Government</u> | <u>Component<br/>Units</u> |
|---|-----------------------------|----------------------------|
| Bank Deposits (checking and savings accounts,<br>certificates of deposit) | \$ 384,238                  | \$137,501                  |
| Investments in Securities, Mutual Funds and<br>Similar Vehicles           | -                           | -                          |
| Petty Cash and Cash on Hand   | -                           | -                          |
| Total   | <u>\$ 384,238</u>           | <u>\$ 137,501</u>          |

The book balance of the total government's deposits is \$521,739 of which \$400,000 is covered by federal depository insurance.

**TOWNSHIP OF MARCELLUS  
CASS COUNTY, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008**

**NOTE 5 - RECEIVABLES**

Receivables as of year-end for the government's individual major and nonmajor funds, including the applicable allowances for uncollectible accounts, are reported in the Government Wide Statement of Net Assets as follows:

|                                    | General<br>Fund  | Road<br>Fund    | Fire &<br>Ambulance<br>Fund | Police<br>Fund | Non Major<br>& Other<br>Funds | Total            |
|------------------------------------|------------------|-----------------|-----------------------------|----------------|-------------------------------|------------------|
| Taxes receivable                   | \$ 0             | \$ 0            | \$ 0                        | \$ 0           | \$ 0                          | \$ 0             |
| State share revenues receivable    | 35,229           | 0               | 0                           | 0              | 0                             | 35,229           |
| Permit revenues receivable         | 0                | 0               | 0                           | 0              | 261                           | 261              |
| Due from other funds               | 6                | 3,842           | 0                           | \$ 750         | 4,896                         | 9,494            |
| Less: Allowance for uncollectibles | <u>0</u>         | <u>0</u>        | <u>0</u>                    | <u>0</u>       | <u>0</u>                      | <u>0</u>         |
| Net Receivables                    | <u>\$ 35,235</u> | <u>\$ 3,842</u> | <u>\$ 0</u>                 | <u>\$ 750</u>  | <u>\$ 5,157</u>               | <u>\$ 44,984</u> |

\* State revenue share receivable reflects the constitutional and statutory sales tax for June and August 2008. Provision is according to state guidelines, allowing six revenue payments in this fiscal period.

\* Permit revenues receivable is a small provision for building permits in transit to township for inspections performed.

\* Due from other funds is assorted transactions: Metro act funds due to the Road Fund from the General Fund for right of way uses, Liquor control monies held in the Police Fund and General Fund cash accounts, minor Building Inspection dollars retained with the General Fund, and minimal Tax Collection Funds due to the General Fund to close out the account.

**TOWNSHIP OF MARCELLUS  
CASS COUNTY, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008**

**NOTE 6 - CAPITAL ASSETS**

Capital asset activity of the primary government for the current year was as follows:

|                                       | Beginning<br>Balance | Increases     | Decreases   | Ending<br>Balance |
|---------------------------------------|----------------------|---------------|-------------|-------------------|
| <b>Governmental Activities</b>        |                      |               |             |                   |
| Capital Assets Not Being Depreciated  |                      |               |             |                   |
| Land                                  | \$ 5,000             | \$ 0          | \$ 0        | \$ 5,000          |
| Subtotal                              | <u>5,000</u>         | <u>0</u>      | <u>0</u>    | <u>5,000</u>      |
| Capital Assets Being Depreciated      |                      |               |             |                   |
| Buildings                             | 63,750               | 0             | 0           | 63,750            |
| Improvements other than buildings     | 13,989               | 3,942         | 0           | 17,931            |
| Machinery and equipment               | 5,580                | 0             | 0           | 5,580             |
| Subtotal                              | <u>83,319</u>        | <u>3,942</u>  | <u>0</u>    | <u>87,261</u>     |
| Less Accumulated Depreciation for     |                      |               |             |                   |
| Buildings                             | 20,250               | 1,500         | 0           | 21,750            |
| Improvements other than buildings     | 4,319                | 1,152         | 0           | 5,471             |
| Machinery and equipment               | 3,173                | 1,086         | 0           | 4,259             |
| Subtotal                              | <u>27,742</u>        | <u>3,738</u>  | <u>0</u>    | <u>31,480</u>     |
| Net Capital Assets Being Depreciated  | <u>55,577</u>        | <u>204</u>    | <u>0</u>    | <u>55,781</u>     |
| Governmental Activities Capital Total |                      |               |             |                   |
| Capital Assets-Net of Depreciation    | <u>\$ 60,577</u>     | <u>\$ 204</u> | <u>\$ 0</u> | <u>\$ 60,781</u>  |

The Township assets have been evaluated according to GASB 34 guidelines. The Township owns cemetery property and an old school house where historical cost values are unknown. These assets are fully depreciated, as applicable, with unknown salvage values. The most recent asset acquisitions are recorded and depreciated.

Depreciation expense was charged to programs of the primary government as follows:

**Governmental Activities**

|                               |                 |
|-------------------------------|-----------------|
| General government            | \$ 3,738        |
| Public safety                 | -               |
| Public works                  | -               |
| Economic development          | -               |
| Recreation and culture        | -               |
| Total Governmental Activities | <u>\$ 3,738</u> |

**TOWNSHIP OF MARCELLUS  
CASS COUNTY, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008**

**NOTE 6 - CAPITAL ASSETS** (Continued)

Capital asset activity

| <b>Component Units</b>        | Beginning<br>Balance | Additions       | Deletions | Ending<br>Balance |
|-------------------------------|----------------------|-----------------|-----------|-------------------|
| Wood Memorial Library         | \$ 515,890           | \$ 18,231       | \$ 0      | \$ 534,121        |
| Hudson Memorial Building      | 154,773              | 3,631           | 0         | 158,404           |
| Less Accumulated Depreciation | <u>(255,302)</u>     | <u>(36,210)</u> | <u>0</u>  | <u>(291,512)</u>  |
| Net Book Value                | \$ 415,361           | \$ (14,348)     | \$ 0      | \$ 401,013        |

The component units maintain separate facilities. The original structures were donated over 30 years ago. Building improvements have occurred over time. Most recently, the Library has completed a new addition to the original structure. Library books and other materials are considered material assets as a group and were included in capital asset totals.

Depreciation expense was charged to programs of the component units as follows:

|                                       |              |
|---------------------------------------|--------------|
| Wood Memorial Library                 | \$ 29,008    |
| Hudson Memorial Building              | <u>7,202</u> |
| Total Culture & Recreation Activities | \$ 36,210    |



**TOWNSHIP OF MARCELLUS  
CASS COUNTY, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008**

**NOTE 7 - INTERFUND RECEIVABLES, PAYABLE AND TRANSFERS**

The composition of interfund balances is as follows:

| <b>Due To/From Other Funds</b> |                     |                        |
|--------------------------------|---------------------|------------------------|
| <u>Receivable Fund</u>         | <u>Payable Fund</u> | <u>Amount</u>          |
| General Fund                   | Tax Collection      | 6                      |
| Road Fund                      | General Fund        | 3,842                  |
| Police Fund                    | Liquor Enforce      | 750                    |
| Building & Inspection Fund     | General Fund        | 174                    |
| Liquor Law Enforcement         | General Fund        | <u>4,722</u>           |
| Total primary government       |                     | <u>9,494</u>           |
| Grand total                    |                     | <u><u>\$ 9,494</u></u> |

Receivable account balances: Tax collection balances are minimal due to the General Fund to close.

State of Michigan right of way monies are held in the General Fund account for road purposes.

Liquor control monies from the State of Michigan are deposited into the General Fund account and are held there until completely used by the Cass County police for liquor control enforcement.

The Police Fund account holds one calendar quarter's expense on reserve as of the fiscal year end.

Minor Building Inspection balances are retained in the General Fund due to timing of use of monies.

**Interfund Transfers**

| <u>Transfers In</u>       | <u>Transfers (Out)</u>  |                                     | <u>Total</u>            |
|---------------------------|-------------------------|-------------------------------------|-------------------------|
|                           | <u>General Fund</u>     | <u>Non-Major Governmental Funds</u> |                         |
| Fire Special Millage Fund | <u>48,830</u>           | <u>0</u>                            | <u>48,830</u>           |
| Total                     | <u><u>\$ 48,830</u></u> | <u><u>\$ 0</u></u>                  | <u><u>\$ 48,830</u></u> |

The fire and ambulance activity is supported by the General Fund to assist with operating needs.

**TOWNSHIP OF MARCELLUS  
CASS COUNTY, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008**

**NOTE 8 - INTERGOVERNMENTAL CONTRACT**

The Township is a constituent unit of the Marcellus Area Emergency Services Association (MAESA). The Association was formed August 17, 1993, by joint resolution of the Village of Marcellus. MAESA provides fire protection and ambulance/rescue service to residents within and around the municipalities. Operating charges are supported by contribution from the participating local units, that take into account their respective state equalized values and charges for service. Marcellus Township paid \$8,878 for annual ambulance services, \$39,952 for fire contract services and \$20,000 as contributions to MAESA for equipment purchases during the fiscal year ended June 30, 2008.

**NOTE 9 - BUILDING INSPECTION SERVICES**

Public Act 245 of 1999 became effective January 1, 2000. This construction code act specified that a statewide code would apply to the plumbing, electrical, mechanical and building codes, dictating the township's involvement in these services. The Township of Marcellus provides this service through Marcellus Township Services for Building Inspection services. Marcellus Township receives income from services provided, and pays out this same expense directly to Marcellus Township Services. The special revenue fund exists showing a break even balance.

## **REQUIRED SUPPLEMENTAL INFORMATION**

**TOWNSHIP OF MARCELLUS**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**YEAR ENDED JUNE 30, 2008**

|                                      | Original<br>Budget | Amended<br>Budget | Actual           | Variance<br>With<br>Amended<br>Budget |
|--------------------------------------|--------------------|-------------------|------------------|---------------------------------------|
| Beginning of Year Fund Balance       | \$ 90,127          | \$ 90,127         | \$ 90,127        | \$ (0)                                |
| Resources (Inflows)                  |                    |                   |                  |                                       |
| Property taxes                       | 66,000             | 66,000            | 79,272           | 13,272                                |
| State aid                            | 100,000            | 100,000           | 107,693          | 7,693                                 |
| Licenses and permits                 | 1,700              | 1,700             | 500              | (1,200)                               |
| Charges for services                 | 13,500             | 13,500            | 14,074           | 574                                   |
| Interest and rentals                 | 1,000              | 1,000             | 1,197            | 197                                   |
| Miscellaneous revenues               | 2,600              | 2,600             | 2,106            | (494)                                 |
| Transfers from other funds           | <u>0</u>           | <u>0</u>          | <u>0</u>         | <u>0</u>                              |
| Amounts Available for Appropriation  | 274,927            | 274,927           | 294,969          | 20,042                                |
| Charges to Appropriations (Outflows) |                    |                   |                  |                                       |
| General Government                   |                    |                   |                  |                                       |
| Township board                       | 24,775             | 26,075            | 27,327           | (1,252)                               |
| Supervisor                           | 8,450              | 8,450             | 8,400            | 50                                    |
| Finance                              | 11,575             | 11,575            | 10,395           | 1,180                                 |
| Treasurer                            | 16,850             | 17,550            | 17,470           | 80                                    |
| Assessing                            | 20,700             | 20,700            | 19,189           | 1,511                                 |
| Clerk                                | 11,550             | 11,550            | 11,318           | 232                                   |
| Elections                            | 4,350              | 5,000             | 2,775            | 2,225                                 |
| Other General Government             |                    |                   |                  |                                       |
| Building and grounds                 | 9,900              | 10,800            | 10,831           | (31)                                  |
| Attorney                             | 4,000              | 4,000             | 3,989            | 11                                    |
| Cemetery                             | 37,100             | 37,100            | 34,896           | 2,204                                 |
| Public Works                         |                    |                   |                  |                                       |
| Drains at Large                      | 0                  | 0                 | 706              | (706)                                 |
| Transfer station                     | 2,500              | 2,500             | 1,956            | 544                                   |
| Community/Economic development       | 2,600              | 2,600             | 1,968            | 632                                   |
| Capital outlay                       | 5,500              | 9,000             | 3,942            | 5,058                                 |
| Transfers to other funds             | <u>48,000</u>      | <u>49,000</u>     | <u>48,830</u>    | <u>170</u>                            |
| Total Charges to Appropriations      | <u>207,850</u>     | <u>215,900</u>    | <u>203,992</u>   | <u>11,908</u>                         |
| Budgetary Fund Balance-June 30       | <u>\$ 67,077</u>   | <u>\$ 59,027</u>  | <u>\$ 90,977</u> | <u>\$ 31,950</u>                      |

**TOWNSHIP OF MARCELLUS  
BUDGETARY COMPARISON SCHEDULE  
MAJOR ROAD FUND  
YEAR ENDED JUNE 30, 2008**

|                                     | <u>Original<br/>Budget</u> | <u>Amended<br/>Budget</u> | <u>Actual</u>            | <u>Variance<br/>with<br/>Amended<br/>Budget</u> |
|-------------------------------------|----------------------------|---------------------------|--------------------------|---|
| Beginning of Year Fund Balance      | \$ 155,305                 | \$ 155,305                | \$ 155,305               | \$ (0)  |
| Resources (Inflows)                 |                            |                           |                          |   |
| Property taxes                      | 60,000                     | 60,000                    | 57,495                   | \$ (2,505)                                      |
| State aid                           | 3,500                      | 3,500                     | 3,842                    | \$ 342  |
| Interest income                     | <u>4,000</u>               | <u>4,000</u>              | <u>4,597</u>             | <u>\$ 597</u>                                   |
| Amounts Available for Appropriation | <u>222,805</u>             | <u>222,805</u>            | <u>221,239</u>           | <u>(1,566)</u>                                  |
| Charges to Appropriation (Outflows) |                            |                           |                          |   |
| Public Works                        |                            |                           |                          |   |
| Roads                               | <u>67,500</u>              | <u>67,500</u>             | <u>37,706</u>            | <u>29,794</u>                                   |
| Total Charges to Appropriations     | <u>67,500</u>              | <u>67,500</u>             | <u>37,706</u>            | <u>29,794</u>                                   |
| Budgetary Fund Balance-June 30      | <u><u>\$ 155,305</u></u>   | <u><u>\$ 155,305</u></u>  | <u><u>\$ 183,533</u></u> | <u><u>\$ 28,228</u></u>                         |

**TOWNSHIP OF MARCELLUS  
BUDGETARY COMPARISON SCHEDULE  
FIRE AND AMBULANCE FUND  
YEAR ENDED JUNE 30, 2008**

|                                      | <u>Original<br/>Budget</u> | <u>Amended<br/>Budget</u> | <u>Actual</u>    | <u>Variance<br/>with<br/>Amended<br/>Budget</u> |
|--------------------------------------|----------------------------|---------------------------|------------------|---|
| Beginning of Year Fund Balance       | \$ 8,869                   | \$ 8,869                  | \$ 8,869         | \$ 0  |
| Resources (Inflows)                  |                            |                           |                  |   |
| Taxes and penalties                  | 60,000                     | 60,000                    | 59,104           | (896)   |
| Interest income                      | 1,000                      | 1,000                     | 267              | (733)   |
| Transfers from other funds           | <u>48,000</u>              | <u>49,000</u>             | <u>48,830</u>    | <u>(170)</u>                                    |
| Amounts Available for Appropriation  | <u>117,869</u>             | <u>118,869</u>            | <u>117,070</u>   | <u>(1,799)</u>                                  |
| Charges to Appropriations (Outflows) |                            |                           |                  |   |
| Public Safety                        |                            |                           |                  |   |
| Fire and ambulance                   | <u>109,000</u>             | <u>109,000</u>            | <u>68,949</u>    | <u>40,051</u>                                   |
| Total Charges to Appropriations      | <u>109,000</u>             | <u>109,000</u>            | <u>68,949</u>    | <u>40,051</u>                                   |
| Budgetary Fund Balance-June 30       | <u>\$ 8,869</u>            | <u>\$ 9,869</u>           | <u>\$ 48,121</u> | <u>\$ 38,252</u>                                |

**TOWNSHIP OF MARCELLUS  
BUDGETARY COMPARISON SCHEDULE  
MAJOR POLICE FUND  
YEAR ENDED JUNE 30, 2008**

|                                      | <u>Original<br/>Budget</u> | <u>Amended<br/>Budget</u> | <u>Actual</u>    | <u>Variance<br/>with<br/>Amended<br/>Budget</u> |
|--------------------------------------|----------------------------|---------------------------|------------------|---|
| Beginning of Year Fund Balance       | \$ 46,126                  | \$ 46,126                 | \$ 46,126        | \$ 0  |
| Resources (Inflows)                  |                            |                           |                  |   |
| Taxes and penalties                  | 90,000                     | 90,000                    | 86,246           | (3,754)   |
| Interest                             | 1,500                      | 1,500                     | 1,003            | (497)   |
| Transfers from other funds           | <u>0</u>                   | <u>0</u>                  | <u>0</u>         | <u>0</u>  |
| Amounts Available for Appropriation  | <u>137,626</u>             | <u>137,626</u>            | <u>133,375</u>   | <u>(4,251)</u>                                  |
| Charges to Appropriations (Outflows) |                            |                           |                  |   |
| Public Safety                        |                            |                           |                  |   |
| Police/sheriff                       | <u>89,000</u>              | <u>89,000</u>             | <u>83,028</u>    | <u>5,972</u>                                    |
| Total Charges to Appropriations      | <u>89,000</u>              | <u>89,000</u>             | <u>83,028</u>    | <u>5,972</u>                                    |
| Budgetary Fund Balance-June 30       | <u>\$ 48,626</u>           | <u>\$ 48,626</u>          | <u>\$ 50,347</u> | <u>\$ 1,721</u>                                 |

## **ADDITIONAL INFORMATION**



**TOWNSHIP OF MARCELLUS  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30. 2008**

|  | Special Revenue Fund     |                           | Permanent        | Total<br>Non-Major<br>Governmental<br>Funds |
|--|--------------------------|---------------------------|------------------|---|
|  | Building &<br>Inspection | Liquor Law<br>Enforcement | Cemetery Fund    |   |
| <b>Assets</b>                            |                          |                           |                  |   |
| Cash and cash equivalents                | \$ 0                     | \$ 0                      | \$ 14,000        | \$ 14,000                                   |
| Investments                              | 0                        | 0                         | 0                | 0   |
| Receivables - net                        | 261                      | 0                         | 0                | 261   |
| Due from other funds                     | <u>174</u>               | <u>4,722</u>              | <u>0</u>         | <u>4,896</u>                                |
| <b>Total Assets</b>                      | <u>\$ 435</u>            | <u>\$ 4,722</u>           | <u>\$ 14,000</u> | <u>\$ 19,157</u>                            |
| <b>Liabilities and Fund Equity</b>       |                          |                           |                  |   |
| <b>Liabilities</b>                       |                          |                           |                  |   |
| Accounts payable                         | \$ 435                   | \$ 0                      | \$ 0             | \$ 435                                      |
| Due to other funds                       | <u>0</u>                 | <u>750</u>                | <u>0</u>         | <u>750</u>                                  |
| <b>Total Liabilities</b>                 | 435                      | 750                       | 0                | 1,185                                       |
| <b>Fund Balance</b>                      |                          |                           |                  |   |
| Reserved                                 | 0                        | 3,972                     | 14,000           | 17,972                                      |
| Unreserved                               | <u>0</u>                 | <u>0</u>                  | <u>0</u>         | <u>0</u>                                    |
| <b>Total Fund Equity</b>                 | <u>0</u>                 | <u>3,972</u>              | <u>14,000</u>    | <u>17,972</u>                               |
| <b>Total Liabilities and Fund Equity</b> | <u>\$ 435</u>            | <u>\$ 4,722</u>           | <u>\$ 14,000</u> | <u>\$ 19,157</u>                            |

**TOWNSHIP OF MARCELLUS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2008**

|   | Special Revenue Fund     |                           | Permanent        | Total<br>Non-Major<br>Governmental<br>Funds |
|---|--------------------------|---------------------------|------------------|---|
|   | Building &<br>Inspection | Liquor Law<br>Enforcement | Cemetery Fund    |   |
| Revenues  |                          |                           |                  |   |
| Taxes and penalties   | \$ 0                     | \$ 0                      | \$ 0             | \$ 0  |
| Licenses and permits  | 25,506                   | 0                         | 0                | 25,506                                      |
| State Aid   | 0                        | 770                       | 0                | 770   |
| Total Revenues  | 25,506                   | 770                       | 0                | 26,276                                      |
| Expenditures  |                          |                           |                  |   |
| Current   |                          |                           |                  |   |
| Public safety   | 25,506                   | 3,000                     | 0                | 28,506                                      |
| Cemetery  | 0                        | 0                         | 0                | 0   |
| Total Expenditures  | 25,506                   | 3,000                     | 0                | 28,506                                      |
| Excess of Revenues Over (Under) Expenditures                                    | 0                        | (2,230)                   | 0                | (2,230)                                     |
| Other Financing Sources (Uses)  |                          |                           |                  |   |
| Operating transfers in  | 0                        | 0                         | 0                | 0   |
| Operating transfers (out)   | 0                        | 0                         | 0                | 0   |
| Total Other Financing Sources (Uses)  | 0                        | 0                         | 0                | 0   |
| Excess of Revenue and Other Sources Over<br>(Under) Expenditures and Other Uses | 0                        | (2,230)                   | 0                | (2,230)                                     |
| Fund Balance-July 1, 2007   | 0                        | 6,202                     | 14,000           | 20,202                                      |
| Fund Balance-June 30, 2008  | <u>\$ 0</u>              | <u>\$ 3,972</u>           | <u>\$ 14,000</u> | <u>\$ 17,972</u>                            |

**Angle & Steffes, PC**  
**Certified Public Accountants**  
**424 Western Ave Ste A**  
**Allegan, MI 49010**  
**269-686-9050**  
**mail@anglesteffes.com**

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS.**

December 3, 2008

Township of Marcellus  
Township Board Members  
Cass County, MI

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Marcellus, Cass County, Michigan, as of and for the year ended June 30, 2008, which collectively comprise the Township's basic financial statements and have issued our report thereon dated December 3, 2008. We conducted our audit on accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township of Marcellus' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township of Marcellus, Cass County, Michigan's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Township's financial statements that is more than inconsequential will not be prevented or detected by the Township's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Township's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township of Marcellus, Cass County, Michigan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

We note certain matters for management's attention and improvement, those control deficiencies that are not considered significant deficiencies or material weaknesses involving internal control:

#### Uninsured Funds

The FDIC's regulations govern the insurance coverage of public units' accounts. The insurance coverage of public unit accounts depends upon the type of deposit and the location of the insured depository institution. All time and savings deposits owned by a public unit and held by the same bank within the State are added together and insured up to \$100,000. Separately, all demand deposits owned by the public unit and held by the same bank within the State are added together and insured up to an additional \$100,000. The Township maintains demand and savings deposits in multiple banks totalling \$521,739 as of June 30, 2008. Of these funds, \$121,739 is uninsured by the FDIC. The Township primarily utilizes two banks, however, and we recommend that additional Michigan banks be utilized to cover Township funds in FDIC insured accounts, spreading funds in demand and savings accounts as appropriate.

#### Budgetary Oversight

We noted budget variances in the General Fund activity. The following accounts exceeded budget provisions:

##### General Fund:

|                     |          |          |
|---------------------|----------|----------|
| General Government: | Budget   | Actual   |
| Township Board      | \$26,075 | \$27,327 |
| Public Works:       |          |          |
| Drains at Large     | \$ 0     | \$ 706   |

We recommend close review of the budget, quarterly review and reporting, to maintain control over expenditures.

### Interest Bearing Accounts

It is recommended that the interest bearing accounts of the Township be evaluated to determine whether Township funds are at their greatest earning potential, given the risk levels approved in the Township's investment policy. The tax collection account does not bear interest at this time. It is recommended that the Township re-evaluate this account, as State cutbacks make it necessary to monitor all money resources and money management. Payment of tax collections is completed within the required 10 day period, indicating interest earned during each 10 day payment cycle is earned by the Township. Interest could be distributed to the municipalities, however, it is not required when the fiduciary requirements are met in the 10 day period. Your consideration to this matter is recommended.

This report is intended solely for the information and use of management and others within the entity and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully,

Angle & Steffes, P.C.  
Certified Public Accountants  
Allegan, Michigan